Memorandum

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Subject Interview Memo With [redacted]	Date March 15, 1996

To

From Anna Goldberg 7D

INTERVIEW PARTICIPANTS:

Joel Christie - Attorney
Patricia Chick - Attorney
Jim Conversano - Financial Analyst
Anna Goldberg - Paralegal
[redacted]

[redacted] They say that Pepsi will go to their customers and try and eliminate [redacted] as well as other competition. [redacted] said that with the merger of Eagle's production plants and Frito Lay, Frito Lay has the muscle to do with whatever they want, and the competition will have to live with prices that they set [redacted] said this after the announcement was made that Frito Lay was buying Eagle's production plants.

In the Kentucky area Pepsi went and bought a regional competitor so now that competitor is out of business.

[redacted] says that Frito Lay will put Eagle's production plants back in business and produce Frito Lay products.

b7D

[redacted] says that Eagle was very competitive and provided good service to their company. He says that Eagle got better and better over the years and they proved more successful each year that passed. With Eagle's improvements, [redacted] was buying more and more products from Eagle.

The products that [redacted] supply in vending machines are sodas, fresh foods, and snacks. [redacted] The snack industry has about $43 million a year in sales. This includes vending as well as in bars, restaurants, etc. The vending industry alone accounts for $28 million a year. Their industry margin runs around 2 percent after taxes per year.

b4

[redacted] says that he did not know if Eagle was profitable or not, but he would question the statement that Eagle never made a profit.

Charles Chips is a company in Lexington which was put of business a little over a year ago.

[redacted] used Eagle snacks exclusively. Now they have had to increase what they buy from a man named [redacted] who is a local supplier, as well as increasing what they buy from Frito Lay. 7D

They say that the merger of Frito Lay and Eagle takes away their competition and entrepreneurship that this country was built on.

Fifty percent of [redacted] business was starting to switch to Eagle snacks at the time that Frito Lay decided to buy Eagle's production plants. [redacted] says that this percentage holds true for just about everyone else in the vending industry.

Frito Lay's prices increased by 20 percent around January 3rd or 4th causing [redacted] to start switching suppliers.

[redacted]

[redacted] used Eagle for both food service accounts and vending accounts. (These are two separate markets). b4, 7D

[redacted]

The purchases for January for all snacks except chips equaled [redacted] b)(4)

[redacted] found out around February 9th that Frito Lay was going to buy Eagle. They heard that Frito Lay will be raising prices on their retail end when the deal with Eagle goes through. [redacted] 7D

They said that if someone could buy the Eagle brand name then this will make Frito Lay's purchase of the production plants a viable option for the marketplace, because Eagle's brand name would still exist as a competitor. [redacted] said that his understanding was that there was around three offers of about $100 million for the entire company until Frito Lay came in with the offer $150 million for the plants. This information is through a second or third party so it may not be factual.

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AG:bjs
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P:jaj

e-mailed to AG on 3/16 by JJ